

## **EMPLOYERS COVERED BY STATE MINIMUM WAGE**

- The state minimum wage law applies to employers who employ 2 or more employees 16 years of age and older.
- The state minimum wage law does not apply to employers covered by the minimum wage provisions of the (Federal) Fair Labor Standards Act.

## **EMPLOYERS NOT COVERED BY STATE MINIMUM WAGE**

- A business with revenues exceeding \$500,000 per year
- A hospital or health care facility
- A pre-school, elementary or secondary school or a college
- An agricultural employer that employs 500 "man-days" of agricultural labor
- Federal, state and local governments

## **EMPLOYEES NOT COVERED BY STATE MINIMUM WAGE**

- Employees that make or work on goods produced for interstate commerce
- Employees under 16 years of age
- Domestic service workers such as day workers, house-keepers, chauffeurs, cooks, or full-time babysitters if they receive at least \$50 in cash wages in a calendar quarter or work more than 8 hours a week. Included would be home health care workers providing the same services.

## **TIPPED EMPLOYEES**

- Tipped employees may be paid a cash wage of \$2.65 per hour provided they receive and report tips that combined with the cash wage equal or exceed the minimum hourly rate.
- The state's minimum wage rate applies to all tipped employees including employees of otherwise federally covered businesses for

whom an employer takes a tip credit because the state wage rate for tipped employees exceeds the federal minimum rate.

## **TRAINING WAGE FOR MINORS (16-19 YEARS OF AGE)**

- A training wage of \$4.25 an hour may be paid to employees 16-19 years of age for the first 90 calendar days of their employment.
- Employees who qualify for the training wage and regularly receive tips may be paid \$2.65 per hour provided they receive and report tips averaging \$1.60 per hour.
- The training wage period covers the first 90 days regardless of whether the employment occurs in a single year or over 1 or more years, employment seasons or employment periods.
- The overtime rate of pay for a worker subject to the training wage provisions is \$6.375 per hour; 1½ - times the regular hourly rate of \$4.25.
- An employer may not discharge, layoff or displace another employee or reduce the hours, wages or benefits of an employee to hire a worker at the training wage.

## **OVERTIME REQUIREMENTS**

- Employees covered by the overtime provisions of the Michigan Minimum Wage Law of 1964 must be paid 1½ times their regular rate of pay for hours worked exceeding 40 in a workweek.
- Some positions are considered exempt from overtime requirements: certain professional, administrative, or executive employees paid a salary; elected officials; political appointees; employees of amusement and recreational establishments operating less than 7 months of the year; agricultural employees; and any employee not subject to the minimum wage provisions of the act.
- Employees reporting tips may be paid the minimum cash wage for overtime hours of \$5.225 per hour provided \$2.50 per hour is reported in tips.

## **COMPENSATORY TIME REQUIREMENTS**

- Employees may agree to receive compensatory time of 1½ hours for each hour of overtime worked.
- The agreement must be voluntary, in writing and obtained before the compensatory time is earned.
- Permitted only if the employer allows the employee 10 paid days of leave per year.
- All compensatory time earned must be paid to an employee within 30 days of a request for compensatory time. Documentation of approval or denial of a request is recommended.
- Accrued compensatory time may not exceed 240 hours.
- Employers must keep a record of compensatory time earned and paid.

## **EQUAL PAY**

- An employer may not pay an employee at a rate which is less than the rate paid to an employee of the opposite sex for equal work on a job requiring equal skill, effort, and responsibility performed under similar working conditions - except where payment is pursuant to a seniority system, merit system, or system measuring earnings on the basis of quantity or quality of production or a differential other than sex.

## **WAGE DEVIATION**

- The Director of the Department of Labor & Economic Growth may establish a rate that is less than the minimum wage for apprentices, learners and persons with physical or mental disabilities who are clearly unable to meet normal production standards.
- Applications for approval to pay less than the minimum wage to a person whose employment is impaired by a physical or mental disability are available from the Wage & Hour Division.

## STATE MINIMUM HOURLY WAGE RATE

**\$5.15 per hour**

### ENFORCEMENT OF ACT 154

Employees may file civil action for recovery of unpaid minimum wages or overtime; or employees may file a complaint with the Department of Labor & Economic Growth.

The department may investigate a complaint and file civil action to collect unpaid wages or overtime due the employee and all employees of an establishment.

Recovery under this act can include unpaid minimum wages or overtime; plus an equal additional amount as liquidated damages, costs, and reasonable attorney fees.

A civil fine of \$1,000.00 can be assessed to an employer who does not pay minimum wage or overtime.

Violation of any provision is a misdemeanor.

## RECORDKEEPING REQUIREMENTS

The employer should maintain employment records for each employee showing all of the following:

- ▶ Employee name
- ▶ Home address
- ▶ Date of birth
- ▶ Occupation in which employed
- ▶ Total daily hours worked, computed to the nearest 1/10 of an hour or smaller unit of time
- ▶ Total hours worked in each pay period
- ▶ Total hours worked in each work period when the period does not coincide with the pay period
- ▶ Total hourly, daily, or weekly basic wage
- ▶ Total wages paid each pay period
- ▶ Itemization of all deductions made each pay period
- ▶ Separate itemization of tips received if a tip credit is taken
- ▶ A record of compensatory time earned for the pay period compensatory time was earned
- ▶ A statement of compensatory time paid in the pay period compensatory time was paid
- ▶ An employee's written request to receive compensatory time in lieu of wages
- ▶ An employee's written consent for tip pooling

This guide is intended for general information only. It does not include all of the provisions of Act 154, Public Acts of 1964.

MICHIGAN DEPARTMENT OF  
LABOR & ECONOMIC GROWTH  
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Wage & Hour Division  
Michigan Department of  
Labor & Economic Growth  
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## AN OVERVIEW OF THE MICHIGAN MINIMUM WAGE AND OVERTIME LAW

1964 PA 154, MCL 408.381

For information on the Payment of Wages and Fringe Benefits Act or other laws administered by the Wage & Hour Division contact:

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